



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

February 28, 2003

The Honorable J. Larry Palmer
Chief Judge
County of Brunswick General District Court
100 East Broadway
Hopewell, VA 23860

The Honorable Charles A. Perkinson
Chief Judge
County of Brunswick Juvenile and
Domestic Relations District Court
202 N. Main Street
Lawrenceville, VA 23868

As part of our audit of the Virginia District Court System, we have audited the cash receipts and disbursements of the County of Brunswick District Court for the period January 1, 2002 through December 31, 2002.

Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

The results of our tests found the Court properly stated, in all material respects, the amounts recorded and reported in the financial management system. However, we noted weaknesses in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Ensure Staff Are Properly Trained and Supervised

The Clerk and her staff need to update their skills in following the Court's automated accounting procedures. Additionally, the Clerk needs to check the quality of work through timely and thorough supervisory review. The lack of knowledge, proper adherence to accounting procedures and timely and thorough review of work caused the following errors.

- As noted in our previous audit, the Clerk does not properly reconcile monthly bank account statements to the Court's financial records. She reconciles the bank statements to the checkbook, but not to the system balance. Reconciling to the system is essential for determining the proper recording of all transactions and for

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- detecting errors. If the Clerk cannot reconcile the account to the system, she should seek assistance from the Supreme Court.
- Staff does not consistently assess proper fines and costs and sometimes make mistakes when recording fines and costs in the system. We found errors totaling \$400 in seven of the 40 cases we tested. Staff need to be more diligent in properly assessing and recording fees and costs
- The Clerk failed to respond to the Department of Taxation's Tax Set-Off collections as required by the Code of Virginia, Section 58.1-524A. For the audit period, we noted a \$2,227 loss in potential collections. The Clerk should respond timely to tax set off notifications from the Department of Taxation. This will help in the Commonwealth's efforts to collect delinquent fines and costs.
- The Clerk did not properly prepare the annual Unclaimed Property Report as required by §55-210.12 of the Code of Virginia. Court records showed that the Clerk had over \$515 in property potentially eligible for escheatment to the Commonwealth. The Clerk should review all liabilities and report amounts over one-year old to the State Treasurer.
- Staff does not consistently retain proper supporting documentation for due date changes to defendants' accounts for unpaid fines and costs. The reasons for due date changes should be documented defendants' case files. Permitting undocumented changes to due dates for fines and costs raises the risk of fraud or theft of funds.

The Clerk should ensure that her staff possesses an appropriate understanding of the Court's automated systems and proper bookkeeping procedures. Since the Clerk was able to work only sporadically during 2002 due to illness, it is especially important that her staff is properly trained. The Clerk should coordinate training with the Supreme Court for her staff to increase their knowledge and understanding of accepted accounting practices and the court's automated system processes. Once the Clerk and her staff have an appropriate level of knowledge, they should keep informed of changes affecting the financial system and other court operations.

In addition, we recommend that staff perform self-reviews of their work before posting transactions to the system. This will help decrease errors and omissions and provide more accurate information. The Clerk should provide sufficient supervision to ensure that staff follow accepted accounting practices, perform their work properly and timely, and regularly resolve all exceptions.

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We discussed these comments with the Clerk on February 28, 2003 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK/cam

cc: The Honorable Theodore J. Burr, Jr., Judge
The Honorable Kenneth W. Nye, Judge
Kathy R. Whitlow, Clerk
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
LeAnn Lane, Court Analyst
Supreme Court of Virginia